

Remarks on the First Meeting of the National Commission on Fiscal Responsibility and Reform

April 27, 2010

Good morning, everybody.

As a nation, we continue to experience the consequence of three distinct but closely related challenges. One is a financial crisis, born of reckless speculation that threatened to choke off lending to families and to businesses. And this crisis, in turn, led to the deepest recession we've known in generations, costing millions of Americans their jobs and their homes, closing thousands of businesses, and devastating Main Streets across the country. And over the past 2 years, this downturn has aggravated an already severe fiscal crisis, brought on by decades of bad habits in Washington.

As a result, the day I walked into this door—the Oval Office—the deficit stood at \$1.3 trillion, with projected deficits of \$8 trillion over the next 10 years. Partly, this was caused by the recession, which meant the Government was taking in less, while demanding—while demand for assistance for those who had lost their jobs was far greater. Another contributor to our deficit has been the rising costs of health care. Each year, more tax dollars are devoted to Medicare and to Medicaid.

But what also made these large deficits possible, was that, for years, folks in Washington deferred politically difficult decisions and avoided telling hard truths about the nature of the problem. The fact is, it's always easier, when you're in public life, to share the good news, to tell people what they want to hear instead of what they need to know. And, as the gentlemen behind me, Alan Simpson and Erskine Bowles, can attest, this has been the norm around Washington for a very long time when it comes to our finances.

Now, over the past year, we've had to take emergency measures to prevent the recession from becoming another depression. And at a time when millions of people are out of work, we'll continue to do what it takes to spur job creation, while investing in a new foundation for lasting economic growth. But the emergency measures have added about \$1 trillion to the deficit over the next 10 years. As a result, even as we take these necessary steps in the short term, we have an obligation to future generations to address our long-term, structural deficits, which threaten to hobble our economy and leave our children and grandchildren with a mountain of debt.

And that's why I asked Congress to restore the pay-as-you-go rule. This rule says that Congress can't spend a dollar on a new tax cut or entitlement program, unless it saves a dollar elsewhere. It's what helped lead to the balanced budgets of the 1990s. In fact, it was only by abandoning pay-as-you-go that record surpluses turned into record deficits during the course of a decade.

Next, we've been scouring the budget, line by line, identifying more than \$20 billion in savings this year alone. We've cut or eliminated scores of outmoded or ineffective programs and begun to reform our bloated contracting system. We've also successfully challenged the custom in Congress of courting favored contractors by approving weapons systems the Pentagon itself said that it doesn't want or need. Because in these hard times, we have to save where we can afford so that we can pay for what we need, the same way families do.

Finally, I've proposed a freeze in Government spending for 3 years. This won't affect benefits through Medicare, Medicaid, or Social Security. And it will not affect national security, including benefits for veterans. But it will affect all other discretionary spending. My budget ends loopholes and tax giveaways for oil and gas companies and for the wealthiest 2 percent of Americans, because we just can't afford them. And I kept my promise to pass a health reform bill without adding a dime to the deficit. In fact, by attacking waste and fraud and promoting better care, reform is expected to bring down our deficits by more than \$1 trillion over the next two decades.

But all these steps, while significant, are simply not enough. For even as we rein in waste and ask that Congress account for every dollar it spends, this alone will not make up for the years in which those in Washington refused to make hard choices and live within their means. And it will not make up for the chronic failure to level with the American people about the cost of the services that they value.

This is going to require people of both parties to come together and take a hard look at the growing gap between what the Government spends and what the Government raises in revenue. And it will require that we put politics aside, that we think more about the next generation than the next election. There is simply no other way to do it.

That's why I appointed the National Commission on Fiscal Responsibility and Reform, based on a proposal originally presented by a bipartisan group of Senators. And today, the commission will have its first official meeting. I am grateful to all of its members—Democrats and Republicans, folks in Government and folks from the private sector—for participating.

I especially want to thank Erskine Bowles and Alan Simpson for chairing the commission. These two men may have different political affiliations, but they share a strength of character, an ability to work across party lines, and a willingness to tell the hard truths even when it's hard. These qualities will be essential, as will the courage they've already shown by taking on this assignment.

Now, I've said that it's important that we not restrict the review or the recommendations that this commission comes up with in any way. Everything has to be on the table. And I just met briefly with the commission and said the same thing to them. Of course, this means that all of you, our friends in the media, will ask me and others, once a week or once a day, about what we're willing to rule out or rule in when it comes to the recommendations of the commission. That's an old Washington game and it's one that has made it all but impossible in the past, for people to sit down and have an honest discussion about putting our country on a more secure fiscal footing.

So I want to deliver this message today: We're not playing that game. I'm not going to say what's in; I'm not going to say what's out. I want this commission to be free to do its work.

In theory, there are few issues on which there is more vigorous bipartisan agreement than fiscal responsibility. But in practice, this responsibility for the future is often overwhelmed by the politics of the moment. It falls prey to special interest pressures, to the pull of local concerns, and to the reality familiar to every single American: It's a lot easier to spend a dollar than to save one. That's what, at root, led to these exploding deficits. And that is what will lead to a day of reckoning. But I believe, with the help of these gentlemen and this commission, we can begin to meet this challenge in a serious and thoughtful way. And I believe we must, for the future of our country.

So, Alan, Erskine, thank you for your participation. I want to thank all the members of the fiscal commission. We've got a serious group in there of Democrats and Republicans, private sector and public sector, people who are sincere about this effort. And I told them that we are serious about it as well.

I think I've shown over the last year that I'm willing to do things even when they're not popular. A lot of the decisions, in terms of getting our budget under control, may not be popular, but I think the reason that Alan and Erskine agreed to take on this assignment is that they were convinced I was serious about it. And I'm going to be standing with them as they come up with the recommendations.

So, thank you very much, everybody.

NOTE: The President spoke at 9:50 a.m. in the Rose Garden at the White House. The Office of the Press Secretary also released a Spanish language transcript of these remarks.

Categories: Addresses and Remarks : National Commission on Fiscal Responsibility and Reform, first meeting.

Locations: Washington, DC.

Names: Bowles, Erskine B.; Simpson, Alan K.

Subjects: Armed Forces, U.S. : Funding; Budget, Federal : Congressional spending restraint; Budget, Federal : Deficit; Budget, Federal : Fiscal year 2011 budget; Budget, Federal : Government programs, spending reductions; Budget, Federal : National debt; Budget, Federal : Statutory Pay-As-You-Go Act of 2009; Business and industry : Credit freeze situation; Congress : Bipartisanship; Defense, Department of : Defense contracts :: Contracting policies, reform; Economy, national : Recession, effects; Economy, national : Strengthening efforts; Employment and unemployment : Job creation and growth; Employment and unemployment : Job losses; Fiscal Responsibility and Reform, National Commission on; Government organization and employees : Federal Government contracting policies, reform; Health and medical care : Cost control reforms; Health and medical care : Medicare and Medicaid; Health and medical care : Patient Protection and Affordable Care Act; Social Security and retirement : Social Security program; Taxation : Tax Code :: Reform; Veterans : Benefits.

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